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# On the Genesis of Organizational Forms: Evidence from the Market for Disk Arrays

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## Abstract

This article asks a basic question of organizational evolution: When and where will a new organizational form emerge? Using a definition of organizational forms as external identity codes, we focus on two answers drawn from contemporary organization theory. The first holds that formal institutions such as industry associations and standard-setting bodies will result in a taken-for-granted organizational form. The second answer contends that increasing organizational density (number of organizations) will generate a legitimated organizational form. As reported here, a historical case study of the disk array market and its associated technologies finds both arguments limited. Although significant collective activity in association building and standard setting occurs among disk array producers, these have not yet led to an organizational form. Similarly, an observed trajectory of organizational density showing rapid growth followed by stabilization has not yet generated an organizational form. In our view, the diversity of origins and other activities of those organizations operating in this market work against institutionalization of the disk array organizational form. We reason that if firms in the market derive their primary identities from other activities (implying that there are few highly focused firms deriving their primary identity from disk arrays), then the disk array producer identity cannot cohere into a code or form. This conclusion suggests a respecification of the legitimation component of the density-dependent model of organizational evolution.

*(Organizational Form; Identity; Disk Drive Arrays; Form Emergence; Technological Change)*

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Organizational theorists and researchers use the organizational form concept in many ways, often without precise definition. Here we build on a recent attempt to define and theorize about organizational forms in rigorous fashion, using the tools of logical formalization (Pólos et al. 1998a and b, 1999, 2002; Carroll and Hannan 2000). We do so by tracing the possible emergence and development

of a *potential* new organizational form. The goal is to gain insight into the processes that generate and establish organizational forms and, ultimately, to develop systematic theory about those processes. We also hope to sharpen understanding of differences among various uses of the form concept.

Our research strategy is unconventional. It involves identifying and documenting a type of product—disk drive arrays—for which there is a large market but which may or may not spawn an institutionalized organizational form by our definition. In other words, we chose a potential organizational form in midstream. We did so to catch the form-generating processes in action and to minimize retrospective bias problems that would arise by choosing an established form. Whether the product and its market will eventually produce an organizational form or not is beside the point: We do not regard this effort as an exercise in theory testing. Rather, we believe that examining in detail the “facts” surrounding an emergent organizational form should be highly informative and useful for generating ideas and developing theory, regardless of the eventual outcome. Implicit in our research is the notion that sustained long-term viability of disk drive array (hereafter, disk array) producers depends not only on the technological features of array products, but also on establishment of the array organizational form.

The article is structured as follows. In the next section, we review and explain the Pólos et al. (1998a and b, 1999, 2002) definition of organizational form. We also discuss two general processes that organizational theorists often suggest might be behind the emergence and development of an organizational form. The following section briefly explains our research approach, including why we do not think that disk array producers currently represent a legitimated organizational form, and describes disk array technology and its markets. We then review the early history of disk arrays with an eye to the origins of the concept and product. Next we describe the various industry

associations that have been established in this area. Following that, we move to a description of the firms that have been involved in disk array production, looking at entry and exit patterns. Then, we discuss again the two relevant theories in light of the descriptive evidence. This exercise suggests the theories have some limitations and leads us to advance a new argument, one that differs from other current efforts. We conclude by discussing the implications of our research.

## Organizational Form: Concepts, Definitions, and Theory

A decade ago, Romanelli (1991) reviewed the literature on the emergence and establishment of new organizational forms. She reported that “no theoretical consensus exists regarding an approach to the problem” and that “the conceptual approaches are diverging” (Romanelli 1991, p. 81). At an even more basic level, Romanelli found no accepted common definition of the form concept in use. She concluded that although many theoretical arguments about form emergence had been formulated, there were “no overarching themes for integrating these perspectives” (Romanelli 1991, p. 100).<sup>1</sup> Romanelli advised organizational theorists to embrace the conceptual diversity, to emphasize differences among concepts, and to demonstrate the value of various definitions through theoretically directed empirical research.

In the ten years since Romanelli’s survey, we believe that the definition and use of organizational form has become, if anything, more elastic. Consider, for example, the 1999 *Organization Science* “focused issue” on new organizational forms. The editors of that issue never defined the term, but in articles it was variously equated with population, industry, *M*-Form, functional form, divisional form, matrix form, virtual corporation, boundary-less organization, hollow corporation, dynamic network form, cellular organization, hypertext organization, platform organization, and shamrock organization.

Given this state of affairs, we think that organization theory could still benefit from attention to the form concept. As Romanelli (1991, pp. 81–82) notes, at the broadest level, “the concept of organizational form refers to those characteristics of an organization that identify it as a distinct entity and, at the same time, classify it as a member of a group of similar organizations.” Indeed, many proposed definitions are abstract to the point of being vague, and thus lack bite. For example, McKelvey (1982, p. 107) first defines form as “a concept to broadly capture the character of an organization’s structure, function and process.” He then later redefines it as “that which is measured by taxonomic characters” and suggests that

“the best strategy for selecting taxonomic characters is to measure everything possible” with an emphasis on “characters associated with dominant competence and evolutionary/ecological importance” (McKelvey 1982, p. 214).

The most common type of form definition bases ideas on specific features of organizations (Carroll and Hannan 2000). This type of representation can be traced to Weber’s rational-legal bureaucracy, which he defined in terms of the following features: authority, procedures, and the employment relation of the official. The feature-based conception of form has evolved to recognize that some features—so-called “core” features—are more important than others in distinguishing forms. Organizations with the same core features belong to the same form, by this view. A second common definition reflects the presumption that distinctions among forms reflect social processes and boundary creation (Hannan and Freeman 1989). In this view, the clarity and strength of social boundaries define forms—sharp boundaries generate clear forms. The processes that create and maintain boundaries are thus key to understanding forms, including social networks, technological change, closed flows of personnel among a set of organizations, changes in patterns of resource flows, and the like. In this vein, Clegg and Hardy (1996, pp. 8–11), in the *Handbook of Organization Studies*, identify several “new forms of organization,” including chains, clusters, networks, and strategic alliances.

In the view of Pólos et al. (1998a, 1999, 2002), both of these common types of definitions of form have limitations, the most serious of which is the failure to link forms and identities (also see Ruef 1999). By their view, the classification of organizational entities into types (that is, the form classification rules) is not a process divorced from the social world. Rather, the process involves social and cultural typifications—widely agreed-upon classifications of entities into types (Meyer and Rowan 1977, Scott 1995). Efforts to understand such typifications in empirical research on diverse kinds of organizations suggest that such processes build upon identities (Ruef 2000).

Our research follows Romanelli’s (1991) suggestion to demonstrate the value of specific definitions of form through empirical research rather than try to incorporate many meanings into a single analysis. Accordingly, we use the conceptual approach of Pólos et al. (2002), which seeks to define identity and form in closely related terms. These analysts embed the concept of organizational form in a theory of social action, making the perceptions and actions of social actors as they encounter organizations pivotal.<sup>2</sup> More specifically, they view a form as a recognizable pattern that takes on rulelike standing in the

social world and is normatively sanctioned (Meyer and Rowan 1977). They call such a pattern a “code.” The term code denotes and connotes both cognitive recognition and imperative standing. A code can be understood as (1) a set of signals, as in the “genetic code” and (2) as a set of rules of conduct, as in the “penal code.”

By Pólos et al.’s (2002) definition, a form is an external identity code, meaning that it is the perceptions and opinions of outsiders that matter. The external identity code possesses rulelike status. This means that its observable violation is negatively sanctioned—it causes outsiders to drop discontinuously their valuation of the entity to which it is applied.<sup>3</sup> The valuation involved in the process is not a judgement about social worth or merit but about conformity to the relative default code. So, illegal or immoral organizations may be subject to codes as much as legal or charitable organizations. Identity codes may consist of specific abstract features of organizations as well as composition rules that tell about appropriate combinations of features.

Forms apply to multiple entities (organizations here) and persist better than ordinary identities. Among other reasons for this persistence, an established form gets its identity embedded in other societal institutions such as languages, directories, and public labels. When one looks at the yellow pages of the phone book, for instance, a very basic set of organizational forms is given by (many, but not all of) the entries. For more technical industries such as disk arrays, it is useful to look at how technical and buyer-oriented publications group firms, how companies refer to themselves and their products in advertisements and other public announcements, and how gatekeepers to critical resources such as capital and labor categorize firms.

Forms can be graded in terms of their degrees of specificity or sharpness. Forms might also be hierarchically nested with respect to each other. If so, then systems of forms may appear as semi-lattices, trees, diamonds, or other structures. These are questions of structural shape in the systems of forms. The degree of specificity in form-to-form relations is also an important issue, whatever the shape of a system. For example, a tree-shaped system might contain few vertical levels but have wide horizontal branches (wide spans). Conversely, a tree form might be narrow at each level but deep vertically.

The Pólos et al. (2002) focus on identity in defining form embraces the insights of institutional theory (Meyer and Rowan 1977, Scott 1995), but it differs from many other definitions.<sup>4</sup> As mentioned above, for example, one use of form refers to a cluster of features, often embodied in a structural architecture. But structural architectures—such as the *M*-form or the network form—are not really

forms by this view: Organizations can change their architecture without changing their form, and architectures vary within forms. Nor is an organizational form synonymous with a market by this view. There are markets for all kinds of products and services, but not all markets define social and cultural typifications. Only some markets represent instances of meaningfully bounded forms.

Why does the institutional classification of an organizational form matter? As the anthropologist Douglas (1986, p. 103) notes about a similar classification system for persons: “Something happens to the insides of our heads when a different kind of organization had made obsolete the old classifications. . . . The change is not a deliberate or conscious choice. Institutions veil their influence, so that we hardly notice any change.” For classification of organizational forms, virtually *all* contemporary theories assign a privileged status to institutionalized (as opposed to uninstitutionalized) organizational forms. The returns to institutionalization include ease of resource mobilization and survival advantages. For example, Hannan and Carroll (1992, pp. 36–37) argue:

. . . a taken for granted social form can be more readily visualized by potential organizers than one with dubious or unknown standing. Variations in the strength of institutional rules endorsing rational organization as the appropriate vehicle for attaining collective goals affect the ease of founding organizations. The capacity to mobilize potential members and resources increases greatly when those who control resources take the organizational form for granted. Reducing the need for such justifications lowers the cost of organizing. . . . Legitimation eases the problem of maintaining flows of resources from the environment and enhances the ability of organizations to fend off challenges.

A business illustration of the operation of these forces can be found in a recent account in the *Wall Street Journal* about Reuters, a media company founded in the 19th century and now engaged in a variety of Internet businesses as well (Goldsmith 1999). The problem is that investors cannot agree on how to classify Reuters and therefore how to value the company:

. . . even the most seasoned media-sector investors concede that they are less than secure when evaluating Reuters. ‘We built a huge [earnings] model. . . .’ said Mark Beilby, an analyst in London with Germany’s Deutsche Bank. ‘We’re confident with it’ for many media companies, ‘but we don’t know whether it works or not for Reuters.’ Other firms express similar uncertainty (Goldsmith 1999).

The result has been a high volatility on Reuters’ stock prices, often with huge losses occurring for no particular reason except the classification uncertainty.

The structural shape of a system of forms also matters. One useful way to think about this issue involves asking what advantages might accrue to a hierarchically embedded subform as compared to a stand-alone form. Organizational subforms might be advantageous because of the following processes: lessened need to justify claims made to outside resource controllers (because of possible use of precedence arguments); possibility of protective action by entities from the superform (because of solidarity and perceived common interests); ease of recruiting members and other resources (because outsiders associate with established superform); ease of interaction with outside exchange partners and regulators (because partners can use existing subunits and routines to interact rather than develop new ones). Note that these processes generate hierarchy because of environmental selection but the individuals behind form-based entities may understand such forces and be capable of some limited strategic placement of forms.

## **Two Theoretical Processes Generating Forms: Analytical Frames**

As Romanelli (1991) noted, theories about the emergence of organizational forms abound. Yet once any particular definition or concept of form is chosen, many of these become moot. For instance, given our definition of form, it makes no sense for us to tend to explanations regarding form as, say, organizational governance structure. So, we concentrate on two relevant general theoretical ideas—analytical frames in Ragin's (1994) language—about the processes behind the emergence of an organizational form as we define it.<sup>5</sup>

First, many theorists stress the role of formal institutions in establishing a new organizational form. In reviewing recent research, for instance, Scott (1995, p. 147) notes that “new industries require the development of a social and political infrastructure that provides working rules, governance structures, and legitimacy.” Although not explicit, it seems clear that in Scott's (and other institutionalists') thinking new industries are typically associated with new forms. The infrastructure referred to includes industry associations, professional associations, regulatory bodies, and the like. Among other things, these institutions are viewed as providing social order and reducing uncertainty, although some theorists stress the control or domination aspects of prevailing institutions, and others emphasize the ways norms are generated and maintained (Scott 1995, Ingram and Simons 2000).

Industry associations typically play all these roles. In the view of neocorporatists, such associations of organized interests generate a distinct source of social order. They clarify the meanings of activities and technologies,

thus simplifying a complex and differentiated world. They often establish and enforce standards. They defend and protect their members' interests, directly and by defining appropriate responses to uncertainties. By grouping firms together in a single entity, they foster information exchange, facilitate recognition of mutual interests, and provide a forum for common identity formation. Taken together, these activities are commonly expected to engender collective and organizational identity, that is, a form as we define it. In this vein, Miner and Haunschild (1995) claim that trade associations are population-level routines that help organizational populations survive as well as maintain credibility among consumers. According to Ingram and Simons (2000, pp. 30–31), the activities of associations “can be understood as benefiting organizations by smoothing exchange between them by facilitating credible commitments. . . or enabling collective action.” They go on to claim that “the effect of federation membership may go beyond exchange smoothing to include, in some form, the. . . ways the state affects organizations,” including the definition of organizational propriety.

A good example of an industry association that assisted in the emergence of an organizational form can be found among American craft brewers, who went outside the ongoing industry association of major brewers to found the Institute of Brewing Studies (IBS) in Boulder, Colorado. The IBS was instrumental in providing information on microbreweries and brewpubs to both the public and to potential entrepreneurs; in lobbying effort to gain legal status for small brewers in various states; in setting standards for brewers, breweries, and products; and in explicitly defining and fostering the organizational form identities associated with contemporary craft brewing.

Second, other theorists—specifically, those working from an ecological perspective (e.g., Carroll and Hannan 2000)—highlight the role of organizational proliferation in establishing a form. The theory of density-dependent organizational evolution states that as the number of organizations using a particular organizational blueprint increases, the blueprint becomes a legitimated organizational form. Empirical tests of the argument typically use a count of the number of producer organizations in a market (density) as the indicator of the prevalence of a particular blueprint. Either a rise in founding rates or a drop in failure rates is taken as evidence of legitimation. However, many ecological researchers also provide social histories describing in detail the ways a form emerges and proliferates with initial rises in organizational density.

Although these theoretical ideas are not fully developed or entirely specified, we do think they reflect the state of contemporary theory about forms. Rather than

sharpen them in advance and present our efforts here as definitive tests, we took them as guides or frames to the case study. This orientation accords with that of much exploratory social research, which attempts to generate and develop new ideas rather than test existing theories (Ragin 1994). Accordingly, we think that the case study reveals some interesting things about both general theoretical approaches. As explained below, it also leads us to advance a new theoretical argument about the establishment of organizational forms, one that we think merits systematic empirical investigation.

Before we get to the new argument, however, we elaborate our research approach, explaining why we chose to study disk array producers. We also discuss why we do not think disk array producers constitute a form even if we nonetheless identified them as a distinct group of organizations for study in the first place. It is also important to understand what disk drive arrays are and how they developed, and to examine the relevant empirical facts associated with both theoretical approaches. The next four sections of the article aim to accomplish these tasks. They provide (in order) an overview of our research approach, including a discussion of the design and methods used, a description of disk array technology and an assessment of the producers' status as an organizational form, a historical narrative of its development, a description of the formal associations found in disk arrays, and an examination of organizational density and its underlying vital processes. After setting up the analysis with these facts, in the final section of the article we confront the two guiding theoretical approaches with them.

## Research Design and Methods

Although both institutional and ecological theorists claim ample empirical support for their general explanations of form emergence, a problematic aspect of much research on this question is that typically only established forms are selected for study.<sup>6</sup> Empirical investigation takes the form of retrospective data collection and analysis in searching for the processes that generated and established the form. Of course, such an approach may be very insightful in understanding what occurred and how it happened, but it is limited in terms of its ability to establish causality. The problem is that the "independent variables" are identified only after the outcome is known. Thus, these variables may not have produced the outcome—they could be spurious; they also could very well be necessary but not sufficient causal factors. Given the number of replications of each type of study, the latter interpretation seems more plausible than the former.

The research reported here was designed to gain some

leverage on this thorny inference problem. We used the two general theoretical approaches described above as theoretical orienting ideas or analytical frames (Ragin 1994). That is, in examining disk arrays, we looked for and assembled information on both formal institutions and organizational density. We present these data below and use them to inform the theoretical ideas, much as other studies do. However, because the disk array form is not yet fully established, our study avoids—or at least changes—the dominant retrospective analysis problem for at least two reasons. First, disk array production may not eventually become an organizational form. Second, even if disk array producers become a form, by observing before its establishment we might learn something about the sufficient (as well as the necessary) conditions of processes generating it.

## Case Context: Description, Selection, and Data Collection

We expect that many readers will be unfamiliar with disk arrays. That is not surprising, because one of the things associated with institutionalized organizational forms is widespread awareness of what organizations with the form produce and do (Hannan and Carroll 1992; Scott 1995). Disk arrays are a particular type of technological solution to data storage problems and are but one of several major technological options facing those in the data storage market, including optical drives, hard drives, and tapes. Customers find them attractive because they provide reliable online access to large databases at low cost. They are also widely used: Industry data show that over \$12.6 billion of disk array products were sold in 1998 (see Table 1).

The main technical components of a disk array are: (1) a set of disk drives, (2) configuration of the drives into some kind of interdependent system, (3) the interconnect protocols in the system, (4) the storage controller, and (5) the system cache architecture. The business of disk arrays appears even more complicated because arrays are sold with varying degrees of completeness (Disk/Trend 1998). A number of companies sell subsystems (complete arrays ready to use), but product groups also include boards (array controllers, power supplies, and other components without disk drives), and software (an individual software product providing array functionality). Thus, companies may specialize in boards or software, or else they may provide complete systems. Companies may also be independent providers, or else be captive producers making arrays for their own computer systems.

The market for disk arrays is segmented in a number of ways, and firms differ in the scope of their offerings. Arrays are sold in four identifiable primary markets: the

**Table 1** Worldwide Sales Revenues of Disk Drive Arrays (in Millions of U.S. Dollars)\*

	1992	1993	1994	1995	1996	1997	1998
Single user systems	2.8	16.7	16.0	32.5	38.6	32.7	38.4
Networks/Midrange systems	1207.5	2506.5	3821.0	5418.9	6704.3	7884.1	9210.4
Mainframe systems	259.8	867.4	1853.0	4263.3	3958.4	3556.8	3221.0
Specialized high performance systems	17.9	44.8	54.6	74.1	58.3	97.2	106.8
Total	1,488.0	3,435.4	5,744.6	9,788.8	10,759.6	11,530.8	12,576.6

\*Sources: Disk/Trend Reports for 1993–1999.

computer mainframe array market (e.g., computer reservation systems), the network/midrange multiuser market (the bulk of the disk array market), the single-user market, and the specialized high-performance market (e.g., video servers, geophysical exploration data analysis). A disk array can have as few as two disk drives or as many as a couple of hundred; most arrays contain fewer than 100 drives.

This market also cuts another way. Array companies serve particular operating environments such as UNIX, NT, NetWare, OS/2, other proprietary environments, and open environments; they may specialize or serve multiple environments. Increasingly, disk arrays comprise elements in a storage system, which is, in turn, an element in a network of interacting servers, specialized servers, and client systems/users. Among their other functions, disk arrays form one of the legs underpinning the Internet; without arrays, the Internet could not function effectively.

During 1998, 134 companies offered array subsystems, boards, or software at one time or another. However, three firms—IBM, EMC, and Compaq Computer—held almost three-quarters of the total market (Disk/Trend 1998). Led by IBM and Compaq, captive sales accounted for almost two-thirds of industry revenue. EMC was the largest non-captive supplier, accounting for more than half of non-captive sales, followed by Data General and Hitachi Data Systems.<sup>7</sup> U.S. firms hold 90% of the market.

Our recognition of the disk array market as a good context for exploring the form research question came as a consequence of our work on a larger project examining the evolution of all the data storage industries (see McKendrick et al. 2000 for an analysis of hard disk drive producers). In the course of this project, we received a set of annual reports on disk arrays produced by Disk/Trend, Inc., a market research company in Mountain View, California. As we began studying the technology, researching its market, coding data on participating firms, and interviewing industry participants, it became apparent to us that the disk drive array producer is not an organizational form by the Pólos et al. (1998a, 1999) definition of the term.

### Organizational Form Status

How do we know that the organizational form for disk array producers is not yet established? As Ruef (2000) notes, organizational forms emerge over time as a social process and a specific form's actual emergence cannot always be readily demarcated by an exact date or a particular organizational event. Nonetheless, it is often possible to ascertain a form's status at any particular point in time and to observe dramatic relative changes in status across two or more points. For instance, in the early 1980s when brewpubs first appeared in various local areas, operators often went to great lengths in developing promotional materials and service routines intended to explain the form to customers and others. The explanations usually included information on what the form was, how it differed from other "neighbor" forms (large mass production brewing firms), and why it was important. By the late 1990s, these explanations had typically fallen by the wayside: Individuals knew the form by name and easily recognized instances of it by sight and other perceptual tools. The establishment of the brewpub form was propelled by the fact that there was general agreement about the concept among early entrepreneurs, many of whom maintained contact with each other. This consensus by insiders undoubtedly made it easier to lobby for enabling legislation and to launch collective events and formal associations, all of which served to create awareness and understanding among outsiders.

When examining the disk array market today, we do not find much apparent agreement about the organizational form most appropriate for serving it. Although Disk/Trend classified disk arrays as a single industry, which might suggest an institutionalized form, in the course of our research it quickly became apparent that this classification scheme was only one of several ways participants and outsiders perceive the market. For example, Disk/Trend covered only producers that offered products that met the strict technological definitions of a "disk array" listed in Appendix A. It ignored producers that may have integrated that technology into subsystems

for resale or offered similar products, which some other analysts tracked.

Although some relevant outsiders such as security firms' market analysts still refer to (or focus on) a disk array (or similarly termed) industry, many others prefer instead to stay at the more encompassing level of "data storage" (see Tucker Anthony 1998, Hambrecht and Quist 1998). Moreover, these analysts' reports usually do not contain subgroupings based on the disk array form or organizational type; instead, individual companies and their particular technologies or product lines (e.g., video or audio streaming, transaction processing, web caching) are described.

Looking at insiders to the market, a similar lack of consensus about appropriate form is evident. Companies tend to refer to their particular technology as though it will be at the center of activity in the future. So, for instance, companies refer to themselves variously as involved in "storage," "storage subsystems," "RAID," "disk arrays," "network attached storage," and others. As the director of product marketing at Maximum Strategy says, "Companies are starting to go away from saying [disk arrays], and are instead talking about what they offer. We provide high bandwidth" (*Electronic Engineering Times* 1996).

Companies also give the strong impression that they realize the importance of being associated with an institutionalized way of doing things. For example, there are several different classes of disk array products, each stressing different technologies and aspects of their performance. One group of array manufacturers banded together to form a benchmarking group, the Storage Performance Council. As the marketing manager for Compaq commented, "We discovered there are a fair number of performance numbers around the industry, all quoting different figures, and most of them were drummed up to make a specific product look good" (*TechWeb News* 1998). The COO of Mylex claimed the new council will enable the storage industry "to rely upon a set of standard performance benchmarks that successfully measure the performance of products in their targeted working environments" (*Electronic Engineering Times* 1998). Such metrics would also "be critical to establishing baseline and improved performance curves that will be meaningful to our customers," said the director of storage technology at Unisys (*TechWeb News* 1998).

### Case Methodology

Ever mindful of the sample selection bias problem inherent in most research designs about forms, the observations above sparked our interest in exploring the case to develop theory about the form-generation process.

The research conducted in the course of the case study used both structured and unstructured methods to collect and interpret data. The structured methods include systematic collection of comprehensive, quantitative firm-level and industry-level data for the entire history of the market, as well as computerized searches of relevant technical literature. The unstructured methods include interviews and e-mail exchanges with experts and with numerous company and industry officials, as well as perusal of much company literature and advertisements. From these sources, we built and analyzed an organizational life-history dataset that covers all the firms ever to enter the market. We also developed a historical narrative of the technology and its market, paying special attention to issues germane to our guiding theories. Both are described below, albeit in abbreviated form.

Along with methodologists such as Ragin (1994), we view the open-ended case study research design as especially good for exploring, rather than testing, theory. Accordingly, we approached the case with an eye to the issues highlighted by our guiding theoretical frames. We compared the expectations of the theoretical ideas with the relevant "facts" of the case. When we encountered systematic evidence that ran against our expectations, we sought to understand why and to develop an informed theoretical answer. We used qualitative and unstructured materials to come up with ideas and then looked to see if they were consistent with our available systematic data. Our activities within this stage of the research project can be described as "reciprocal clarification," which Ragin (1994, p. 88) describes as: "research [that] clarifies concepts (the key analytical frames) and empirical categories in a reciprocal manner." We believe that our findings depend on data from both structured and unstructured types of methods; neither method alone would have allowed us to reach the conclusions that we do.

### Historical Overview of Disk Arrays and Related Technology

Disk array technology has been around for many years, but its first appearance proves hard to pin down. Although demand for storage reliability and performance is not new, most analysts think the disk drive array business is. The technology originates in the idea of redundant, or fail-safe, computing when online transaction processing began to emerge in the 1960s. Yet independent companies were slow to offer fail-safe disk storage products; disk drives were bundled with computer systems for which they were specifically designed. Thus, a market for disk drive arrays was slow to develop. Disk array technology has coevolved, in rough chronological order, with



fault-tolerant computing, the market for disk subsystems, RAID (redundant arrays of inexpensive disks; “inexpensive” was later changed to “independent”), and storage networks of which disk arrays are one element. We briefly review each. As a guide to the discussion, we provide Figure 1—a timeline that shows key developments regarding the history of disk arrays.

### Fault Tolerance

Reliability in computing was a problem from the beginning of the computer industry, and initially the only solution was to buy a second computer. This meant that computer users would guarantee total computer uptime with a minimum of delay by having two complete computer systems; when one system broke down, the other was used as a backup.

Military and space programs were the first users of fault-tolerant computing, as well as an important source of R&D funding. Commercial applications, however, appear to be the main drivers of the technology. Airlines were among the first commercial customers for this primitive kind of fault-tolerant computing. In the mid-1960s it was common for airlines to have three computers to

handle their reservations systems, with three more standing by in case something went wrong.

Smaller customer firms could not afford the large fault-tolerant systems. So, a market for less expensive fail-safe computing emerged in the mid-1970s and early 1980s. Pioneered by Tandem Computers, which shipped its first redundant computer system in 1976 (a “multiminicomputer” system), the market for fault-tolerant online transaction processing grew rapidly. Unlike the systems that preceded it, the Tandem computer could (with a high probability) detect and recover from some classes of internal failures—mostly hardware, but occasionally software errors, too—before failures affected the processing, the database, or the end user.

Tandem’s success and the rising demand for fail-safe and reliable systems invited entry by others. The leading challenger was Stratus Computer, Inc., founded in early 1980 by a group of former Data General executives. A clutch of other companies followed, and by the mid-1980s a dozen or so vendors offered fault-tolerant systems. Most carved out niches rather than confront Tandem and Stratus directly, and adopted diverse approaches to fault tolerance.

With the exception of Hewlett-Packard, conventional systems manufacturers did not move quickly to offer fault-tolerant architectures. However, analysts speculated at the time that new entrants specializing in fault-tolerant computing would nonetheless find a difficult competitive environment because buyers would be concerned about compatibility with existing DEC and IBM systems, which dominated the minicomputer and mainframe markets. This turned out to be true. By 1985, with the exception of Tandem and Stratus, all fault-tolerant system suppliers ran into trouble, and most exited the market.

As a concept, fault tolerance focused on the nonstop reliability of the entire computer system rather than the availability of the stored data per se, but most fault-tolerant computer manufacturers also built redundancy into their data storage through a technique called “disk mirroring.” Disk mirroring requires duplicate disk drives: If a failure occurs on one disk, an up-to-date, accessible copy of the data will exist on the mirrored disk. This was an expensive solution to data protection in an online environment (as opposed to backing up data using magnetic tape). Because mirroring required a duplicate set of storage devices for keeping a duplicate file of all data, it doubled the cost of storage.

Mirrored disks were generally found *only* in fault-tolerant systems, and no arrays of mirrored disks were marketed independently from systems. Until the late-1980s, no specialist firms made “fault-tolerant” storage devices. Although fault-tolerant system producers had the

**Figure 1** Historical Summary of Developments in the Disk Drive Array Market

1956	First disk drive.
1965	First controller handling multiple drives (IBM 2314 DASD).
1966–70	Disk drives now provided storage for online processing, which became the dominant mode in most systems. Data reliability achieved through multiple copies on disk packs.
1971	The IBM 3330 facility improved data integrity by extensive error detection and correction capabilities.
1976	First Tandem fault-tolerant computer shipped.
1978	IBM receives U.S. patent for “System for Recovering Data Stored in Failed Memory Unit.”
Mid-1980s	First disk subsystem (multiple small form factor disk drives for higher performance and capacity storage) used for the PC environment.
1987	U.C. Berkeley “RAID” technical paper presented at conference.
1988	First shipment of a disk drive array or “cluster” using small form factor disk drives (5.25-inch).
1990	EMC offers the first disk array for mainframe storage that incorporates 5.25-inch disks. Its Symmetrix 4200 Integrated Cached Disk Array (ICDA) is a 24-gigabyte RAID system that replaces traditional 14-inch disks.
1992	RAID Advisory Board established.
1997	Storage Networking Industry Association established.

capability to offer redundancy in their disk subsystems, few survived to offer disk drive arrays. By contrast, several of the major systems manufacturers made the transition: IBM, DEC, NCR, Unisys, and Hewlett-Packard.

### Disk Subsystems, Disk Arrays, and RAID

IBM appears to be the first company to focus specifically on disk arrays as a means to improve the reliability of storage. In 1978 it received a patent for an improved arrangement for recovering and storing data on multiple storage devices in the event one of the devices became inoperable. The disk mirroring techniques then in use, such as those performed by Tandem, were not suitable for correcting or recreating long records that were in error or unavailable; this meant mirroring was not a practical commercial solution when the amount of data transferred involved substantial time to transfer. IBM's idea was to subdivide a record into a number of segments and store them on different "failure independent" drives. If one drive failed, the segment on that drive could be reconstructed.

IBM was slow to implement this idea, which germinated for almost a decade. In the meantime, some independent companies began to offer software products and disk subsystems employing disk mirroring for the PC and workstation markets. These products typically employed two disk drives and one host; they also had somewhat different objectives than the fault-tolerant systems then in use for mainframes (*Computerworld* 1985). Where fault-tolerant systems emphasized the role that mirrored disks played in the protection of critical data, mirroring was increasingly said to lead to better performance as well. Industry participants and the business press began to refer to bundles of mirrored disk drives as disk subsystems or, increasingly, disk arrays.

The first reference to disk arrays (that we can find) appeared in 1986 and was a software solution offered by Twincom, a Dutch-based company. It was followed by seven other disk array offerings in 1987, including those of six noncaptive companies: 1776, Atlantic Microsystems, Core International, Ford/Higgins, Maximum Strategy, and Micropolis, a disk drive manufacturer.<sup>8</sup> Yet most observers date the "origin" of the disk array "industry" to a December 1987 U.C. Berkeley technical paper (Patterson et al. 1987), which helped companies view and classify disk array technology in a common way. The Berkeley research was sponsored by the National Science Foundation and supported by IBM, Sun Microsystems, Intel, and DEC. Its point of departure was clearly IBM's 1978 patent.

The Berkeley paper addressed a growing problem in data storage. Storage devices could not keep up with the

speed of faster and faster CPUs; disk drives were a major input/output (I/O) bottleneck in achieving rated processor speed. Some disk drive producers argued that lashing together several small hard disk drives electronically in a single subsystem would be the best solution to the problem. More specifically, performance would be enhanced and costs reduced by combining multiple inexpensive 5.25-inch disk drives in lieu of the higher capacity 8-inch and 14-inch drives that were used in mainframe and fault-tolerant computer systems.

The Berkeley team argued that the only way to increase performance to the required levels was by writing data across several disks ("striping") rather than to one. Proprietary software would let the system regenerate information stored on a drive that failed. Striping was an attractive alternative to mirroring because it increased overall throughput: Data could be written faster than would be possible if one drive were dedicated to duplicating data. Also, potential customers, in principle, liked the idea of smaller disks because they were cheaper, generated less heat, and used less floor space than the standard mainframe disk size of 14 inches.

The Berkeley solution was a set of five arrangements of arrays of small disks offering various levels of protection and known under the generic name RAID.<sup>9</sup> These are described in Appendix A.

Despite these developments, disk drive makers and system builders still moved cautiously with disk array and RAID technology. A common comment among experts was, "It's really hard to say whether or not this is a market" (*Electronic Business* 1988). Many thought disk arrays only represented an opportunity for companies already in the systems or disk drive business; a company that based an entire business plan on it was thought to have a lower chance for survival. As the founder of Auspex said, "How do you get in between [disk] drive and systems companies and make money?" (*Electronic Business* 1988). Industry experts argued that widespread acceptance of disk arrays would have to contend with small profit margins, an education process to get the market excited (distributors and value-added resellers did not know what disk arrays even were), as well as the threat posed by the established computer companies. A more fundamental concern was whether the technology represented a new product opportunity or only the repackaging of existing disk drives with little added value. As a Dataquest analyst commented at the time, "The sales effort to educate the prospective customer base regarding the benefits of array processing will be expensive" (*Electronic Business* 1988).

The RAID disk systems that initially appeared after the publication of the Berkeley paper served the small server

and minicomputer markets (*Computer Weekly* 1995). But many analysts and mainframe computer users thought these initial entrants were ahead of the market by about two years because of concern about the reliability of 5.25-inch drives and the fact that they could not tolerate the high data rates required by mainframe users.

In fact, the market for disk arrays did not begin to attract many entrants until the early 1990s. In August 1990, EMC Corp. became the first company to ship a RAID product into the mainframe market (*Electronic News* 1990, *Computerworld* 1990). After that fast start, EMC became (and remains) the largest independent producer of disk arrays, with 21% of the worldwide market in 1998. Follow-on entrants targeted a variety of users: mainframe, workstation, and microcomputers, especially for critical database applications on PC-based network servers. But minicomputers and multiuser systems comprised the largest markets for arrays; Compaq, Lomas Data, Storage Concepts, and Sequoia were early entrants that served this market. Except for EMC, only Hitachi, Control Data Systems, Unisys, and Storage Technology offered RAID for mainframe storage before 1994.

By the mid-1990s, RAID systems were finding market appeal beyond their initial application for the stock exchange, airlines, medicine, and major retail. There are several reasons for this. First, the disk drive industry had improved the reliability and performance of small form factor disk drives, and had achieved tremendous economies of scale in producing them. These developments translated into higher-performance disk arrays using smaller and cheaper components. Second, operating systems and software applications consumed everincreasing amounts of storage, driving demand for capacious systems. Finally, companies increasingly demanded continuous online access to data, the so-called  $24 \times 7$  phenomenon.

### **Network Attached Storage, Storage Area Networks**

During the last five years, disk arrays employing RAID technology have emerged as central elements in corporate electronic communication networks. Companies are increasingly integrating data storage with distributed computing systems in an effort to access data from anywhere in a network at any time. This requires RAID systems that enable fast data-transfer rates while maintaining continuous fail-safe access throughout the network.

Disk array companies have come up with two approaches for incorporating storage into these networks: Storage Area Networks and Network Attached Storage. Disk array systems were originally server- or host-attached storage devices—components in so-called Storage Area Networks, or SANs. A SAN involves a separate

high-speed network to move information among storage devices. In a SAN, users connect to the network through a server and go through the server to access data. By contrast, Network Attached Storage, or NAS, refers to a disk array connected directly to the network backbone via some generally accepted cable technology such as ethernet, Fibre Channel, or asynchronous transfer mode. NAS enables users to access data more quickly without affecting the server's processing function.

As these two approaches exemplify, technological competition and uncertainty persist. Despite the establishment of RAID levels, a decade of product offerings, and the rapidly growing demand for disk arrays by companies that want to integrate their Internet data with traditional business data, analysts still describe the RAID market as fragmented and confusing to potential customers.

## **Industry Associations Related to Disk Arrays**

We now turn to industry associations, pursuing evidence relevant to the suggestion of some scholars that collective action fosters the emergence of organizational forms (Aldrich and Fiol 1994, Scott 1995, Ruef 2000). Specifically, industry associations might potentially help fashion and sustain new organizational form identities. In the disk array market, two major industry groups have emerged: the RAID Advisory Board (RAB) and the Storage Networking Industry Association (SNIA). Table 2 shows the membership in RAB and SNIA. Disk array companies show considerable variation in membership, with the two groups reflecting overlapping rather than nested sets of endorsed organizations, as we describe next.

### **RAID Advisory Board**

In August 1992, the RAID Advisory Board was formed with ten members.<sup>10</sup> Their main motivation was to reduce the confusion caused by disk array companies, which were making often contradictory or inconsistent claims about the technology. RAB's objectives were to clarify RAID terminology, educate the market (particularly the engineering community), and promote common interests among operating system developers and standards bodies for the fledgling industry.

One of the most pressing problems facing the Board was customer confusion regarding RAID levels and performance benchmarks. The five Berkeley RAID levels

**Table 2** Disk Array Companies by Membership in Industry Associations, 1998

Company Name	RAB	SNIA
Adaptec, Inc.	X	
ADIC		X
Amdahl Corporation	X	X
American Megatrends, Inc.	X	
Ancor Communications		X
Andataco	X	
Ark Research Corporation		XA
Artecon, Inc.		XA
Auspex Systems		XA
Axis Communications		X
BellSouth		XA
BMC Software		X
Boole & Babbage		XA
Box Hill Systems		XA
Bull		XA
Carnegie Mellon University	X	
Chaparral Technologies		X
CLARiiON, A Data General Company	X	
CMD Technology, Inc.	X	X
Comm Vault Systems		X
Compaq Computer Corporation		X
Computer Associates International		X
Computer Network Technology		X
Computer Technology Review	X	
ConvergeNet Technologies		X
Cope AG		XA
Creative Design Solutions		X
Crossroads Systems		X
Data General Corporation	X	X
Digital Equipment Corporation	X	
Disc, Inc.		XA
Disk/Trend, Inc.	X	XA
ECCS, Inc.	X	
EMC Corporation	X	X
ENDL Consulting	X	
Eurologic Systems Ltd.	X	
Exabyte Corporation		X
Fujitsu Computer Products		X
G2 Networks		X
Gadzoox Networks		XA
GENROCO, Inc.		XA
Gordon Consultants	X	
Hewlett-Packard		X
Hitachi Computer Products (America) Inc.	X	
Hitachi Data Systems	X	X
IBM Corporation	X	X
ICP-vortex Computersysteme GmbH	X	
Infortrend Corporation	X	
Integrix, Inc.	X	
Intel Corporation		X
Intelliguard Software		X

**Table 2 (cont'd.)**

Company Name	RAB	SNIA
Jems Data Unlimited, Inc.	X	
JMR Electronics, Inc.	X	
Legato Systems		X
LSI Logic Corp.	X	X
McData Corporation		X
Mercury Computer Systems		X
Meridian Data, Inc.		X
MTI Technology Corporation	X	X
Mylex Corporation	X	X
NEC Corporation	X	
Network Appliance		XA
Novell, Inc.		X
nStor Corporation	X	
ORCA Technologies	X	
Overland Data Inc.		X
Pathlight Technology, Inc.		X
Programmed Logic		X
Proware Technology Corp.	X	
QLogic		XA
Quantum		X
RAID, Inc.	X	
Seagate Technology		X
Seek Systems, Inc.	X	
Silicon Graphics		XA
SMS Data Products Group		XA
SOFTWORKS		XA
Sony		XA
Stac, Inc.		XA
Sterling Software		XA
Storage Area Networks Ltd.		X
Storage Computer Corporation		X
StorageTek, Inc.	X	X
Sun Microsystems		X
Syred Data Systems	X	
Technology Forums	X	
TeraStor Corporation		X
Tricord Systems, Inc.	X	X
Trimm Technologies		XA
Unisys Corporation	X	XA
United Digital Limited	X	
Veritas Software Corporation	X	X
Vinca		XA
Vixel Corporation		X

*Note.* For SNIA, XA denotes associate members.

had not been officially sanctioned by any standards groups, and RAID levels were being implemented in different ways. It was not clear, for instance, that Level 1 was the same across products; a RAB-certified RAID Level 1 product, by contrast, would inform the user of

exactly what the product does. RAB produced a 100-page book of RAID definitions and sold more than 1,000 copies during the first three months after its release.

Nonetheless, confusion about RAID levels continued. A particular misunderstanding was that RAID levels were hierarchical, that the higher the RAID level, the better the system. RAB's chairman said, "[T]he RAID levels have done more to confuse people than anything else" (*Mid-range Systems* 1993). In spite of 70% growth in disk array sales in 1994, he claimed that the "increasing activity of RAID technology is—not surprisingly—resulting in confusion and misperception" (*Computer Design* 1994).

Another cause of confusion was the host of new products introduced claiming *additional* RAID levels. "Bogus levels have been generated to describe products," warned the chairman of the RAB, in 1993 (*Corporate Computing* 1993). Just when RAB was trying to get people to understand the most prevalent levels (1—disk mirroring, 3—striping, and 5—parity and striping), new levels (6, 7, 10, and 51) further cluttered the market. These levels were proprietary solutions not recognized by RAB. Demystifying RAID technology and getting agreement on some standards were thought to be the key to increasing RAID sales. According to RAB's chairman, "Standardization is probably the biggest issue we face. It's critical to RAID's growth, and it's an exhaustive process" (*LAN Times* 1995). But an analyst at Dataquest Inc. said that the RAB faced a tough task in trying to convince the 100 or so RAID vendors to settle on standards. She said, "We'll probably see de facto standards, based on who can build a better mousetrap" (*LAN Times* 1995).

RAB had some success in raising user awareness and understanding of disk drive arrays and RAID. "There's no one out there like them [RAB]," said an analyst for International Data Corp. "The industry does need some sort of consortium to set standards for vendors, and the RAB provides an ample forum or discussion of the topic among manufacturers and users" (*LAN Times* 1995). But the role of storage in computing continued to change rapidly, and the disk array market was not settling on RAID as a central identity. In 1994, 55 companies were members of RAB, by 1998 approximately 40 were (less than a third of the population of disk array makers).

### Storage Networking Industry Association

As networked computing and the Internet gained in importance, disk array makers and industry analysts began to focus more on the role of data storage within a network rather than storage per se. Disk array producers, who had been struggling to create a clear identity, suddenly found themselves reshaping their images. They still offered disk arrays employing RAID technologies, but they began to be evaluated in terms of their role in broader networks.

The confusion with these approaches, combined with the expectation of enormous sales growth, sparked the formation of the Storage Networking Industry Association (SNIA). Formed in October 1997, the SNIA is more broadly focused than RAB, and its 80 members come from the wider IT community; it sees itself as leading the way for the storage networking "industry."

The SNIA has two principal objectives. One goal is to bring together a single community of various information systems firms, systems integrators, and vendors to focus on education and training in networked storage systems. A second objective is to facilitate standards for communication between servers and storage devices. As the SNIA chairman summarized

What we're looking at doing is helping to provide the infrastructure, including the specifications and the first standard, for tying together storage systems on the network, being able to aggregate storage and present it to users from a showable perspective on the network. We're expecting to provide benefits across the whole industry, [including] providing education and an infrastructure for the industry to support this new paradigm of shared-network storage systems. (*Computer Dealer News* 1998).

Although technical challenges abound, collective action is also required from a marketing perspective. According to the SNIA president

Storage community leaders have not figured out how to develop a market. . . We now must recognize that networking and storage are systems industries. We need to effectively market our products by establishing connections with the IT community. . . . SNIA is attempting to build an IT organization, not merely an ad hoc standards organization (*Mass Storage News* 1998).

Both RAB and SNIA have succeeded in generating awareness of disk arrays, but disk array producers still have a rather diffuse identity. In some ways, technological change has outpaced RAB's efforts to promote the RAID concept; the rapid emergence of distributed computing has made disk arrays only one element in communication networks. For its part, the SNIA focuses on a broader organizational community than disk arrays, but the association was formed too recently to have had much visible impact. Either way, collective action has so far failed to result in a clearly identifiable organizational form.

## Organizational Dynamics in the Disk Array Market

Now we examine organizational activity in disk array production, using systematic data collected on firms participating in the disk array market. Our data collection

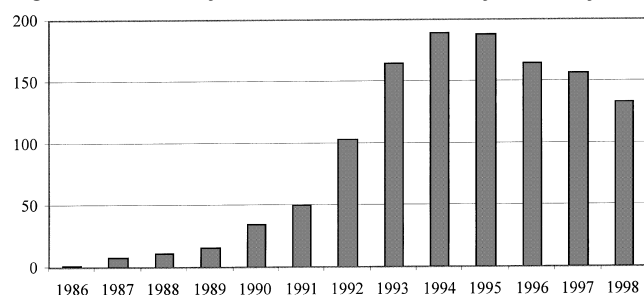
effort attempted to identify every firm that ever sold a disk array product and the dates when it entered and exited the market (if it did so by the end of our observation period, year's end 1998). The procedures and sources we used are described in Appendix B. Because of imprecision in the sources, the data we use are precise only to the year and not to months or specific dates within years.

Our attempt to reconstruct the organizational history of the disk array market yielded a total of 258 firms. This count begins in 1986 with the first firm in the market, Twincom, which entered with software for disk mirroring.<sup>11</sup> It covers all firms known to offer disk arrays, up to and including the eleven new entrants in 1998: Acard Technology, ADI, Chaparral Network Storage, Creative Design Solutions, Engrows, Lexias, OneofUs, Sagitta, SMS Data Products Group, SoftRAID, and Synapsys Digital.

Figure 2 shows a plot of annual organizational density of disk array producers across the history of the technology. It includes all firms that entered the market at any time, regardless of level of activity or other activities of the firm. Firms are removed from the density count whenever they exit the market, regardless of the reason.

The temporal trajectory of density visible in Figure 2 resembles that of many coherent organizational populations. As Carroll and Hannan (2000) review, the density pattern of initial slow growth, followed by rapid growth and then stabilization or decline appears in very diverse sets of organizations operating in widely different contexts. What differs across organizational populations is the timing of the various phases of the trajectory and their peak levels. Many of the populations reviewed by Carroll and Hannan (2000) exhibit much greater prolongation in the different phases than seen here. The collection of disk array producers is notable for the historical speed with which the "full" pattern appears. Perhaps this is a result of the fast pace of technological change in this market. Perhaps too the recent downturn is only a temporary phase that will eventually lead to renewed fast growth in density.

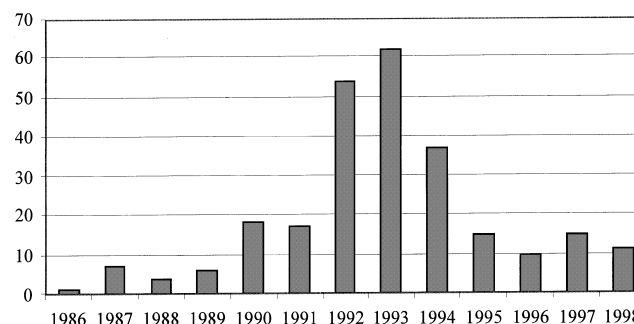
**Figure 2** Density of Producers in Disk Array Market by Year



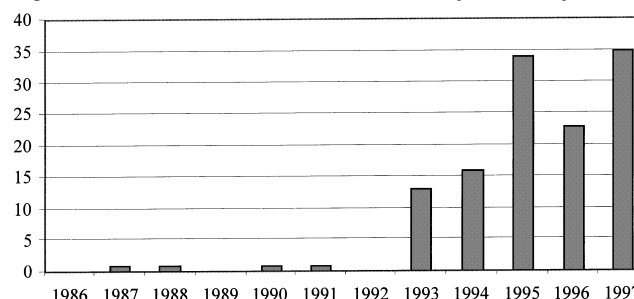
What do the organizational dynamics of entry and exit look like? Figure 3 plots the annual number of firms entering the market for disk arrays while Figure 4 shows the number of exits per year. Entries into a market often show great fluctuations from year to year (see Carroll and Hannan 2000). By contrast, the plot of entries of array producers shows a more pronounced series-long pattern than is typical of many familiar organizational populations. Nonetheless, although the years 1992–1994 generated more entries than those periods before or after, the series is short enough to warrant caution in making inferences. The plot of annual exits looks more typical; it suggests that many of the bulge entrants in 1992–1994 operated for two to three years before exiting. However, it would be premature to draw conclusions about tenure dependence in the market from these aggregate data.

So, at this first casual glance, the disk array market looks similar to many established organizational populations in terms of density and exit (Carroll and Hannan 2000). The entry process looks like perhaps it might be somewhat different. Examining entry in greater depth only reinforces this perception. In Table 3, we show a tabulation by entry mode for those entrants to the market for which we could find such information. The table also shows counts by origin industry for those firms not starting anew in the disk array market.

**Figure 3** Entries of Producers in Disk Array Market by Year



**Figure 4** Exits of Producers in Disk Array Market by Year



**Table 3** Firms Entering the Disk Array Market by Entry Mode and Origin Industry

<b>Total De Novo:</b>		<b>45</b>
<b>Total De Alio:</b>		<b>212</b>
Computers		45
Integrators		35
Systems int.	14	
Storage int.	19	
Server int.	1	
Other int.	1	
Storage Subsystems		27
Subsystems	22	
Subs. Disk	2	
Subs. Optical	2	
Subs. Tape	1	
Storage (Diversified)	19	
Value Added Resellers	12	
Controllers		10
Software		11
Software	7	
Soft. (Storage)	4	
Diversified Electronics		6
Controller Cards		5
Distribution		5
Memory		4
Peripherals		4
Computers and Periph.		4
Adapters		3
Computer Add-Ons		3
Hard Disk Drives		3
Computer Upgrade		2
Controller and Memory		1
Computer Server		1
Computer & Storage Subs.		1
Computers/Disk Drive		1
Peripherals & Storage Sub.		1
Boards, Chips and Soft.		1
Motherboards		1
Servers (Video)		1
Storage (Optical)		1
Storage (RAM)		1
Storage Cabinets and Enc.		1
Ethernet Trans. and Hubs		1
Network Products		1
Diversified Other		1

In perusing the table, two features of the disk array population stand out compared to most others described in the ecological literature. First, the number of *de alio* (lateral) to *de novo* entrants is extremely high. Our knowledge of many of these firms suggests strongly that most of them continued with their prior activities for an extended period after they entered the disk array segment.

Second, among the *de alio* entrants, the diversity of origin industries is very high, ranging from highly technical firms in computers and motherboards to other fairly non-technological firms involved in distribution and retail. Both factors figure into the theoretical interpretation discussed below.

## Reconsidering the Theories: Limitations and Proposals

As discussed at the outset, our purpose in this article is to examine how and when organizational forms emerge. Following Pólos et al. (2002), we define an organizational form as a recognizable code that possesses rulelike standing. More precisely, a form is an external identity code. This means that when an applicable organization is perceived as violating the code, outsiders discontinuously devalue the organization in their assessments and impose sanctions. Identity codes for organizational forms typically consist of abstract features as well as composition rules about appropriate combinations of particular features.

We focus on two very different kinds of processes behind the emergence of an organizational form, suggested by contemporary organizational theory. First, institutional theorists emphasize how formal institutions, such as industry associations, professional associations, and regulatory bodies, assist in the establishment of a new organizational form. Theorists view these institutions as providing social order and reducing uncertainty, as well as control or domination. Second, ecological theorists focus on how proliferation aids in establishing a form. The theory of density-dependent organizational evolution holds that as the number of organizations using a particular identity code increases beyond a critical minimal level, the code becomes an organizational form (Pólos et al. 2002). In applying the theory, ecologists often count the number of organizations (density) in a market across time.

Our historical review of the market for disk arrays shows the validity of both theories in describing some of what occurs in the early stages of a market or industry. Disk array technology develops out of murky origins and spawns a large international market. Along the way, two large and important formal associations crop up and develop. Much as institutional theory would predict, these associations concern themselves with problems of order, including especially technical standardization. The establishment of these associations also undoubtedly served to unify collective identity among firms in the market to some extent, for both insiders and outsiders.

Similarly, as ecological theory would predict, the number of producers entering the market rises steadily over the early years, eventually slowing down and stabilizing and, finally, declining slightly. That is, the characteristic organizational density trajectory appears, albeit on a short timeline. In other organizational populations, including hard disk drives, it appears that the form has gelled by this point (see Hannan and Carroll 1992, McKendrick et al. 2000).

From the point of view of the theories, what is problematic in the case is not what happened in this market but instead what did not happen. Specifically, there is little consensus on what it means to be a disk array producer, there is no taken-for-granted way to organize for this market, and there is no established identity code used by outsiders to evaluate whether a firm qualifies as a legitimate disk array producer. In sum, there is no organizational form for disk array production despite the appearance of formal institutions and the expected trajectory of producer density. So, the theories fall short of fully accounting for this case.

It is important to recognize that this shortcoming does not mean that the theories are unhelpful. The factors pinpointed by each can still be viewed as necessary conditions for the establishment of an organizational form, but they no longer seem highly plausible as sufficient conditions. This observation leads naturally to questions about whether the case can provide insight for further theory development in this direction.

In examining the possibilities for theoretical elaboration, a number of routes seem potentially productive. First, the theories could require refinement in terms of the timing of either or both processes and eventual form generation. That is, a delay in the timing of purported effects might need to be more fully specified. Unfortunately, the case provides few hints about this issue, which seems more easily addressed in comparative research. Second, there could be a technological component to the problem. For instance, it could be that a greater consensus about the underlying technology is required in addition to the formal institutions and rise in organizational density. Although attractive to some, we are dubious of this kind of explanation because it seems easy to point to many established organizational forms lacking such a common technological foundation (e.g., the computer manufacturing form or the early automobile manufacturing form). Third, it could be that institutional theory about formal institutions and associations needs further qualification. One way to refine this theory might be to relate organizational form generation to the level of fragmentation (both formally and informally) in the relevant institutional environment (Scott and Meyer 1983). For example,

because there are two competing formal associations and there is no solid consensus within them or across them, the disk array market has a somewhat fragmented institutional environment. The difficulty with this approach is that it is difficult to distinguish clearly between institutional fragmentation (the independent variable) and the lack of consensus about form (the dependent variable). In reality, the two often coincide very closely.

What to do? We think the disk array case suggests an alternative fourth theoretical avenue. In our view, the observed high diversity of origins and other activities of those organizations operating in this market are highly pertinent. More precisely, we suggest that the disk array producer organizational form has not taken hold because disk array producers come from a heterogeneous set of origin industries and often retain operations in those industries, perhaps still deriving the bulk of their revenue therein. By this view, the problem resides in the identity basis of firms: So long as firms in the disk array market derive their primary identities from other activities, and so long as there are few highly focused firms deriving their primary identity from disk arrays, then the disk array producer identity seems unlikely to cohere into a code or form of its own. Among other things, firm heterogeneity makes the situation more confusing because it implies diverse organizational features available for identity construction. Heterogeneity makes self-identification, regulation, and solidarity more problematic; it also makes enforcement of the code via sanctioning more difficult. So, we imagine that there are many other cases of established markets without specific organizational forms because the supplier firms are primarily engaged in other identity-defining activities, which could be vertically or horizontally related to the focal market.

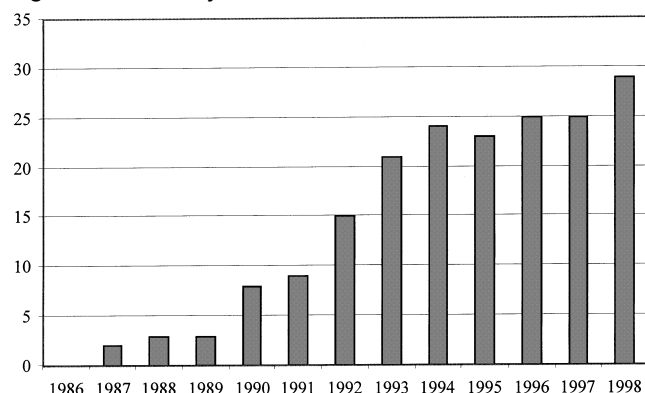
Consider also a counterfactual example from another context, the beer market. Suppose Anheuser Busch, Miller, Coors, and others had been the first and only corporations to open brewpubs.<sup>12</sup> If they had done so, then we suspect that a market for freshly brewed beer still would have developed and perhaps even flourished more than it did—but a new organizational form would not have. Instead, there would likely be many local beer outlets operating as appendages of the large industrial brewing firms and without much of a separate identity. The identities of the major brewing companies would dominate this market as they do the packaged beer market. In other words, an organizational form for brewpubs may not have emerged without the many focused entrepreneurial firms doing only this activity. And note that in this counterfactual scenario, the major beer producers look fairly similar on many dimensions; they do not possess the heterogeneity of disk array producers.



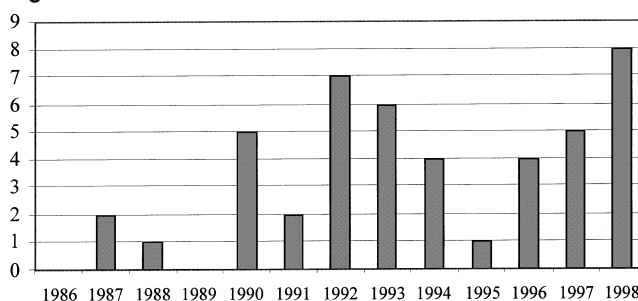
If these speculations are valid, then they lead to a reformulated specification of the density-dependent process thought to generate an institutionalized organizational form. More precisely, we propose that a legitimated organizational form emanates from the density of *focused producers* in a market, rather than total density. The core idea is that the identity of a form derives from the aggregated identities of individual organizations. When the identities of individual organizations are all similar and focused on a particular activity, then they will gel more readily into a collective identity. When organizational identities are diverse and diffuse, then emergence of a collective identity is more problematic.

An advantage of this formulation is that it can be readily incorporated into extant models and theories of density-dependent legitimation. Of course, precise information on how focused all firms in a population are at every point in time may not be readily available, but some closely related information likely will be. For example, for disk arrays our field research and knowledge of many companies lead us to believe that de novo firms (start-ups in the market) are much more focused than *de alio* firms (lateral entrants). This formulation is also consistent with the empirical facts of the case. Consider, for instance, Figures 5 and 6, which show, respectively, the annual density and entries of de novo producers into the disk array market. Unlike total density, de novo density does not rise to a stable point and then subside. Rather, de novo density appears to be still in a growth phase. More importantly, because it does not level off and is still rising upward, the trajectory of de novo density does not give the impression that the organizational form should be legitimated; it suggests instead that the organizational form is undergoing institutionalization and may not yet be legitimized. This suggestion is, of course, consistent with what we observe in the market. So, although further empirical research on the issue is still needed, we think the

**Figure 5** Density of De Novo Firms



**Figure 6** De Novo Entries



case warrants our theoretical conjecture about reformulating the density specification.

Although this formulation appears theoretically sound and empirically consistent with the facts of the disk array case, it should be noted that it contradicts exactly one drawn from another popular perspective on legitimation. Precisely, the so-called sociopolitical view of legitimation holds that endorsement by powerful actors yields advantages to organizational forms and aids in the process of legitimation (Scott 1995). It follows logically then that if and when larger established (powerful) organizations enter a market, then legitimation should be enhanced. IBM's entry into the PC market is a well-known case that seems consistent with this argument. In terms of organizational density by entry mode, the prediction most consistent with this view would be that *de alio* density contributes the greatest to legitimation. This is because *de alio* entrants will usually be larger and more powerful than de novo entrants.

We also think that the formulation offered here might be refined to include spatial agglomeration. Producers of disk arrays are geographically scattered around the United States. Surely, such spatial dispersion makes it more difficult for a collective identity to form and, hence, may make homogeneity of individual producer identities more important. Looked at from the other side, spatial agglomeration may facilitate collective identity construction. Specifically, agglomeration may make it possible for diverse actors to recognize and act on their commonalities; it may also make it easier for outsiders to see and identify the form. An example that appears to accord with this speculation is New York City's emerging Silicon Alley. However, only additional systematic study can tell for sure the value of this possible qualification.

## Discussion

The aspect of industry evolution that motivates the research reported here concerns organizational forms. The project aims to address a basic question related to the

evolution of organizational forms and their constituent firms: When and where will a new organizational form emerge? Using a precise definition of organizational forms as external identity codes, we examine two basic answers suggested by contemporary organization theory. The first is that formal institutions such as industry associations and standard-setting bodies will lead to a taken-for-granted organizational form. The second is that rising organizational density (number of organizations in a population) will generate a legitimated organizational form.

Our historical study of the disk array market and its associated technologies reveals some limitations of each theoretical argument. Although we found significant collective activity in association building and standard setting among disk array producers, these did not readily lead to an organizational form. Likewise, the widely observed trajectory of a rapid increase in organizational density followed by stabilization did not generate an organizational form. In sum, both processes have operated as expected at the start of the population, but neither has yet produced the expected outcome of an organizational form.

Why this is the case, of course, must be considered a speculation. But in our view, a major part of the answer lies in the diversity of origins and other activities of those organizations operating in this market. As long as disk array producers come from a heterogeneous set of origin industries and continue to operate in those industries (deriving the bulk of their revenue from such), then it is hard to imagine a disk array producer organizational form taking hold. Why? The problem is one of identity: If firms in the market derive their primary identities from other activities and there are few highly focused firms deriving their primary identity from disk arrays, then the disk array producer identity cannot cohere into a code or form. Instead, the firms operating in the market will be likely to retain their prior identities, obtained from their other activities.

A similar type of “market without new organizational form” might have developed for local freshly brewed beer if Anheuser Busch, Miller, Coors, and others had been the first and only corporations to open brewpubs. (And, this counterfactual scenario uses producers who collectively do not possess the heterogeneity of disk array producers.) That is, an organizational form for brewpubs may not have emerged without the many focused entrepreneurial firms doing only this activity. Instead, we might have had many local beer outlets operating as appendages of the large industrial brewing firms and without much of a separate identity. So, the actual organizational structures and products might not differ from the present situation—but their identities as separate forms would.

If our speculations from this case study are valid, then they suggest a reformulated specification of the density-dependent process thought to generate an institutionalized organizational form. More precisely, we propose that a legitimated organizational form emanates from the density of focused producers in a market rather than total density. An advantage of this formulation is that it can be readily incorporated into extant models and theories of density-dependent legitimation. This formulation is also more consistent with the facts of the case we studied, when *de novo* (startup) status is used an indicator of focus.

Of course, only systematic empirical research will determine the ultimate value of this argument and its implied model. At this juncture, it is certainly premature to think about discarding the established model of density dependence (Carroll and Hannan 2000). And, given the model’s long and established record in empirical tests, it would seem more likely that a reinterpretation might be in order. A quick-to-mind explanation for the previous findings would suggest that the many of the populations studied did not contain many unfocused producers—or at least that the unfocused producers appeared steadily in numbers proportionate to the focused ones, thus simply leading to a misscaling of density effects. Given that many of the populations studied originate from periods a century or more ago, when organizations and commerce were far simpler than today, this explanation seems plausible.

Failing that explanation, another reinterpretation might suggest that the effects observed in the established model could emanate from density-dependent mutualistic activities other than form emergence. These would include collective action, development of infrastructure, agglomeration economies and the like—all factors discussed in the original theories of density dependence.

Pólos et al. (2002) also argue for the conceptual separation of population and form. Specifically, they argue that populations are those sets of organizations holding common minimal (that is, the sharpest) external identities in a bounded (that is, local) system, and that the emergence of a form depends on the number of organizations holding a particular identity crossing some threshold level. In this framework, it is possible to envision multiple local populations, each holding the same common minimal external identity and none with sufficient numbers to cross the threshold alone but the joint set of which might. If the institutional environments faced by the various populations are sufficiently interconnected, then a density count (based on focused producers or otherwise) based on all the populations might be in order to explain form emergence. This possibility illustrates how our claims

here need not be inconsistent with the findings of Hannan et al. (1995) that legitimation processes operate on a broader geographic scale than does competition.

By focusing on ecological and institutional perspectives on the emergence of an organizational form, we may invite objections that we ignore other theories in organization studies that might offer alternative explanations. Accordingly, we reflect on our findings in light of three popular bodies of thought that reviewers suggested were potentially pertinent: (1) the large literature that considers how technology shapes industry evolution, (2) the growing body of work on how the cognitive dimensions of strategy shape the boundaries of competition, and (3) the new ideas in circulation about population-level learning.

Consider first the work of Michael Tushman and Philip Anderson (Tushman and Anderson 1986, Anderson and Tushman 1990), which puts technology at the center of population dynamics and is among the most influential research from an organizations perspective on technology and industry evolution. In their model, technological progress is characterized as an evolutionary process punctuated by discontinuous change. Technological discontinuities open up new "product classes," and alternative "product forms" compete for dominance (Tushman and Anderson 1986, pp. 440–441). Technological experimentation continues within a product class until a dominant design emerges, after which numerous incremental technical improvements reinforce the established technical order.

For our purposes, two features of their model hold the most interest because they seem most directly relevant to the creation of new organizational forms: the introduction of competence-destroying product discontinuities, and the emergence of a dominant design. As described in Tushman and Anderson (1986), competence-enhancing or competence-destroying technologies either enhance or destroy the competence of incumbent firms in the industry. Competence-destroying product discontinuities create either a new product class, such as automobiles or airlines, or substitutes for existing products, such as the displacement of vacuum tubes by transistors. These discontinuities are initiated by new firms, which are founded on the basis of the new technology and transform the existing industry structure.

Clearly, on one level this depiction seems consistent with our argument: New entrants transform industries, which a liberal reading might interpret as implying that focused firms facilitate the emergence of a new form. But while it is tempting to conclude that Tushman and Anderson (and other scholars of technology and organization) think technology is responsible for the creation of new organizational forms, they do not explicitly say so.

Because they use the concepts of product class, industry, population, and niche interchangeably (Tushman and Anderson 1986, pp. 446–447), making a precise conceptual connection between their theory and the emergence of organizational forms is problematic. In fact, in their model, discontinuities occur within the same industry; they do not create new ones.

Nonetheless, there may very well be a strong link between technological breakthroughs and form creation. Our view is that new technology can establish the conditions that might cause an environment to branch and create a resource space for a new organizational form. However, not all technological change—even radical—leads to new organizational forms, and not all new organizational forms result from a change in technology.<sup>13</sup> We find it difficult to specify plausible theory about technology more exactly at this point; we are left to agree generally with Romanelli (1991) that any event or development could fundamentally alter existing flows of resources, including changes in social values, or human demographics, and potentially lead to a new organizational form.

We draw a similar conclusion about the influence of dominant designs. Namely, there may be an undeveloped (or implicit) theoretical link between how a dominant design emerges and how standard setting can facilitate form generation. As described by Anderson and Tushman (1990), the dominant design closes the era of ferment brought on by a technological discontinuity. As with industry associations, dominant designs reduce variation and uncertainty in the product class, allowing firms to standardize parts, establish more stable and reliable relations with external actors, and reduce confusion about the product class. Industry associations even help to establish a dominant design, as does the design's popularity with users, the market power of a dominant producer, the actions of industry alliances, and government regulation (Anderson and Tushman 1990, pp. 615–616). Does a dominant design help to establish the form? In some instances, technological standardization may indeed contribute to the establishment or legitimation of the form. But our speculation is that by the time standards are agreed upon and operative, the organizational form issue may already be settled one way or another. If not, then we suggest that the key to determining the effect of standardization is to look at what, if anything, it implies for the identity focus of firms. Some standards may enhance firm-level identity focus, others may not.

A second potentially relevant interpretation may come from cognitive perspectives on strategic group behavior. As Lant and Phelps (1999) point out, strategic groups differ conceptually from populations in that they include

organizations that recognize each other as rivals; cognitive recognition is not a necessary condition for the existence of populations. Nonetheless, the creation of cognitive strategic groups could possibly have much in common with our portrayal of how forms emerge. For example, Peteraf and Shanley (1997) argue that only those groups that have strong identities are meaningful cognitive strategic groups, because only a strong identity can affect group-member behavior (Peteraf and Shanley 1997). In addition, many strategic groups appear to have a geographic basis, whether at the national or subnational level, which enables identities to develop (Porac et al. 1995, Peteraf and Shanley 1997). So, cognitive strategic groups may, in some cases, be coincident with new forms. We would suggest, then, that the argument advanced here about focused identities may apply. In our view, it is a more positive testable macroexplanation than most current theory about cognitive strategic group emergence.

Finally, the literature on population-level learning (Miner and Haunschild 1995, Miner and Anderson 1999) considers issues of potential relevance to our study. In general, population-level learning does not appear to be about organizational forms. Rather, it “explicitly emphasizes changes in the mixes of routines in a population of organizations rather than the survival and shape of organizational forms” (Miner and Haunschild 1995, p. 126). However, one recent extension of the theory appears generally consistent with our argument. Wade et al. (1999) show that personnel flows within a population are critical to an industry’s legitimation—in particular the movement of founders of new companies from homogenous social backgrounds (brewers from Germany is an example they use) and from firms in an existing population. Such homogeneity (or focus) in careers among members of organizations in the population contributes to the consensus about how organizations categorize themselves and their rivals. It remains to be seen whether an explicit theory can be developed that ties personnel flows to form generation.

We conclude on an epistemological note. As this study shows, the investigation of how an organizational form emerges and evolves requires the collection of data that go back to its origins. It is also important to study more than one industry so that general processes can be identified. A larger project, of which this study is a part, was designed with these concerns in mind. We plan to study and collect data on each of the major technologically defined segments of electronic data storage. These include: floppy disk drive manufacturing, hard disk drive manufacturing, disk array systems, optical storage manufacturing, and tape drive manufacturing. These segments are

similar enough in function to allow meaningful comparison; they also develop in distinct enough ways to warrant individual study. The segments are at various stages of development: Floppy drives are a mature segment facing diminishing demand; tapes are also mature but still undergoing innovation; hard disk drive manufacturers compete primarily on the basis of cost but must nonetheless keep up with unparalleled rates of technological change; and the disk array business, perhaps the most interesting of all from an evolutionary viewpoint, is in great flux with competitors entering from bases of both hardware and software expertise. A major additional feature of this design is the potential substitutability of various products across the segments: This will allow assessment of the ways that competition processes affect the boundaries of industries and organizational forms. The project will proceed through both structured and unstructured research activities examining each of the primary segments.

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### Appendix A. Description of RAID Technology

RAID technology is defined according to seven levels. Each level specifies a different disk array configuration and data protection method, and each provides a different level of reliability and performance. In reality, only a few of these configurations are practical for most online transaction processing systems, file servers, and workstations. These seven levels are briefly described below:

- Level 0. Nearly all disk arrays include this mode. RAID 0 distributes the data across all the disks in the disk array configuration. Because there is no redundancy, the capacity utilization is 100 percent.
- Level 1. Write data is “mirrored” on two separate disk systems. This means that every byte of storage used on a system requires that an equal amount of storage must be provided as a mirror.
- Level 2. This level of RAID has become obsolete. It is seldom mentioned in most descriptions of RAID technology, and most vendors no longer sell it. RAID 2 provides a greater than necessary level of redundancy.
- Level 3. RAID 3 is often referred to as a parallel array because of the parallel method that the array controller uses in reading and writing to the disk drives. For RAID 3 it is necessary to provide two or more data disks plus an error-correcting code disk. Data is dispersed or “striped” across at least two of the data disks. Each drive is connected

to a dedicated SCSI channel, which further ensures the performance. If a failure occurs, the data is reconstructed based on the parity data on the other disks. The advantage of this scheme is that, compared to RAID 1, redundancy is achieved at a lower cost.

- Level 4. With RAID 4, data are block striped, not bit striped as with RAID 3. Blocks of some arbitrary size are recorded on each data disk. Parity values are calculated and stored on the single check disk in the same way they are for RAID 3. The cost of redundancy is the same as RAID 3 because an extra disk must be used to store parity information. Because there is one parity disk, writes are slow because only one write can occur at a time. Every write has to write to the same disk. Block striping makes for faster reads because any request for information smaller than the size of a block can be satisfied with a read from one disk. This makes it possible to respond to small reads quickly, and also to respond quickly to multiple concurrent reads. Thus, block striped RAID arrays are effective in transaction-processing environments where small pieces of information predominate.

- Level 5. Like RAID 3, RAID 5 distributes the data blocks over the disk drives in the system, but unlike RAID 3, the error-correcting code data is also distributed across all the drives. With this configuration reads and writes can be performed in parallel.

- Level 6. RAID 6 not only mirrors data (like RAID 1) but also stripes the information. Because the data is striped, the performance is very similar to that measured in a RAID 0 configuration. The penalty for use of this configuration is that 100 percent more disk space is required.

Note that “level” does not mean there is a strict hierarchy, with Level 5 always better than Level 1. The different levels are just different techniques for data protection with different cost and performance tradeoffs. Customers evaluate each level of RAID individually. For example, once firms reach a certain threshold of storage capacity, it is unusual for them to mirror (RAID 1). If firms are rapidly expanding their storage needs and adding a large number of disk drives, they might use RAID 5. But RAID 5 “stripes” data one block at a time across all the disks, which can cause certain applications to suffer a “write penalty” and slow system performance. Different RAID levels serve different purposes, with different advantages and disadvantages.

## Appendix B. Data Sources and Coding Procedure for Organizational Population Data

The data we use come primarily from Disk/Trend, Inc., a market research company in Mountain View, California. Disk/Trend publishes annual reports on disk drive arrays, as well as other kinds of storage. The first Disk/Trend report on arrays was published in 1993. The reports cover every company that makes complete subsystems, boards, or software specifically intended to permit disk drives to operate as an array. The reports publish firm-level data on revenues and unit shipments for the largest firms in the industry and in a specific market segment; typically firm-level data cover 90% or more of revenues and unit shipments but only 20% of the companies. The reports also list specifications for each product a company ships, and the date of its first shipment.

In addition, we compiled event histories for each company identified by Disk/Trend as an array manufacturer. These histories were generated by extensive library and online searches, which also turned up a few companies that made disk drive arrays prior to the publication of

Disk/Trend. In some cases, the event histories revealed shipment dates that preceded those listed in Disk/Trend and provided more accurate dates for exit from the array market.

Entry dates were coded as the date of first product shipment. Exit dates were coded as the last year a firm was listed in Disk/Trend or else the last year it made a disk drive array if we had more detailed information. We also determined whether a firm was a *de novo* or *de alio* producer. If *de alio*, we also coded the industry the firm was in at the time it shipped its first disk drive array. When firms made more than one product, we classified it according to its dominant market (e.g., computers).

## Endnotes

<sup>1</sup>As Pólos et al. (1998a) explain, the organizational form concept plays three major roles in sociological theory and research (see also Carroll and Hannan 2000). First, researchers use notions of form to define populations of organizations for study. Second, form refers to a selection-favored conglomerate of properties, often embodied in a structural architecture. Third, the form concept seeks to differentiate between core and peripheral features.

<sup>2</sup>The theory developed by Pólos et al. (1999) has the advantage of combining feature-based, network-based, and boundary-based approaches to forms.

<sup>3</sup>Valuation is used here with respect to expectations about the form, not its social or economic value per se. To distinguish the ideas, Pólos et al. (1999) refer to their concept as  $\kappa$ -valuation.

<sup>4</sup>We resist the temptation to give any of these definitions special labels, mainly because we believe it is premature to categorize the concepts involved.

<sup>5</sup>There is also a substantial body of research on technology and strategy that is linked to the issue but in ways not explicitly discussed. We return to this literature in the conclusion.

<sup>6</sup>Some very recent efforts avoid this problem by shifting the level of analysis upward, to the community level (Ruef 1999) or to environment and social movements within the community (Swaminathan and Wade 1999). We applaud these efforts and think they hold great promise. However, we also believe that they will not necessarily yield the same insights as our approach, a position we attempt to demonstrate when we consider theory in light of the “facts” of our case. In general, our view is that it is potentially insightful to address important and difficult problems such as form emergence in a variety of ways, especially if they show an ability to rise above deficiencies of previous efforts.

<sup>7</sup>In 1999, EMC acquired Data General, further consolidating its market position.

<sup>8</sup>Thinking Machines offered a storage system called Data Vault for use with its CM-2 system, which it claimed was the world’s fastest computer (*Computerworld* 1987, *Christian Science Monitor* 1990). Its array employed large form factor disk drives.

<sup>9</sup>RAID is actually an acronym standing for Redundant Array of Independent Disks. At some point, RAID 0, which the Berkeley team did not mention, emerged as a sixth level. But it is really a misnomer. It is striping *without* redundancy—a pure play to maximize data transfer rates.

<sup>10</sup>The RAID Advisory Board was not a trade association in the legal sense. It was created and chaired by a consultant to the disk array industry, and membership fees were used to compensate the consultant

as well as implement RAB's mission, which was functionally equivalent to that of a formal association: to clarify RAID terminology, educate the market (particularly the engineering community), and promote common interests among operating system developers and standards bodies for the fledgling industry.

<sup>11</sup>Twincom would continue to operate through the end of the observation period (end of 1998).

<sup>12</sup>The example is counterfactual in more ways than one. By existing laws, the major brewers would have been legally prohibited from operating brewpubs, which are small-scale, vertically integrated operations.

<sup>13</sup>Consider two contrasting trajectories from apparently similar beginnings. One of the cases examined by Tushman and Anderson (1986) and Anderson and Tushman (1990) is the minicomputer industry, which most likely became an organizational form by our definition. They retrospectively trace the industry's origins ("niche opening") to the shipment in 1956 of the Burroughs E-101, which was the first computer to sell for under \$50,000. Seven of the first eight companies to introduce the new kind of computer were established mainframe manufacturers, and, by our reading, it became a taken-for-granted form during the mid-1960s when the term "minicomputer" came into widespread use. According to the official history of Digital Equipment Corporation, the successful introduction of its PDP-8 machine in 1965 "established the concept of minicomputers, leading the way to a multi-billion dollar industry" (quoted in Kidder 1981, p. 15). Although admittedly self-promotional, the claim gives support to the idea that the form became established around that time.

By contrast, during the 1970s a number of companies and reporters in trade journals began to describe "small business computers." Just as the Burroughs E-101 opened up a new niche that came to be called the minicomputer, so did the Qantel V and Clary Datacomp create a new niche in the computer market. The small business computer was defined by the International Data Corporation as "small general purpose computers marketed by the major mainframe manufacturers and their competitors to smaller businesses and first-time users" (Phister 1979, p. 520), and they were treated as a product class distinct from mainframes and minicomputers. But the boundaries between it and the other two product classes were not very sharp. Its prices, performance and markets, as well as its producers, overlapped mainframes and minis (Phister 1979, p. 520). It appears that the producers of small business computers never cohered into a form, and during the 1980s the computer press stopped referring to them.

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